

Zurich, 5 January 2012

News conference of 5 January 2012 called by the Chairman of the Governing Board of the Swiss National Bank, Philipp Hildebrand

Financial transactions by the Hildebrand family and events of the past few days

Ladies and gentlemen

Thank you for responding to this invitation which we have issued at such short notice. The events of the past few days have given rise to questions which make it absolutely essential for me to make a brief statement. Many of you will be asking yourselves why I have not appeared in public personally until today. The reason is simple. I, too, have only had access to essential information for the past few days. Only two days ago did it become quite clear how the allegations against me came about in the first place. What's more, I do not wish to hide from you that the attacks on me as an individual have reached a level where I must defend myself with all the power at my disposal. Moreover, I am also concerned to protect the Swiss National Bank, which, as an institution, is under threat of being damaged by attacks of this kind.

I would like to begin by giving you a short outline of events since I learnt of the allegations made on 15 December 2011. I will then go into the individual transactions which have been discussed in the media. Finally, I will draw my own very personal conclusions. Let me start, however, by saying this: My conduct has not only been in accordance with the regulations at all times, but it has also always been above board, and all of my actions have been fully disclosed to the relevant bodies. I want to say this perfectly clearly: I am not aware of any legal wrongdoing on my part. However, I do realise that the general public is also expressing a moral concern.

First, however, a comment on the legal situation: Activities of relevance in terms of penal law are to be found in the infringement of banking secrecy (art. 47 of the Banking Act), the possible inducement to and abetting of such infringement, as well as the exploitation of such activities, but not, in any way, within the area of insider offenses (art. 161 of the Swiss Penal Code).

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The SNB regulations on own-account transactions conform to European standards. However, these turbulent times and the exceptional monetary policy circumstances require a higher level of transparency.

Allow me to briefly outline the events from 15 December to 23 December 2011:

On 15 December I was confronted by the Swiss President and the Minister of Finance with the question as to whether I had obtained personal pecuniary advantages in an inadmissible manner in connection with the introduction of a minimum exchange rate against the euro on 6 September 2011.

I immediately requested an investigation of my financial situation and offered to disclose all my bank accounts. With my consent, the Swiss President ordered an examination by the Director of the Swiss Federal Audit Office and his deputy.

I then informed the Bank Council and also requested it to investigate my financial situation. Based on the regulations on own-account transactions in financial instruments by members of the Enlarged Governing Board, on 16 December 2011, the President of the Bank Council ordered an in-depth examination by the SNB's external auditors, PricewaterhouseCoopers Ltd (PwC).

The auditors had unlimited and complete access to all bank transactions made by me and my family in the year 2011. Moreover, PwC also had access to the contracts relating to the sale of a house and the replacement purchase of an apartment in the year 2011.

These investigations, which were completed on 21 December 2011 and assessed by the Bank Council in a meeting on 22 December, reached the following unanimous conclusions: Neither I nor my family had carried out any inadmissible transactions. No misuse of privileged information had occurred. The Federal Council was informed of the results of the examination on 23 December and the Bank Council informed the general public that same evening.

I would now like to provide a detailed explanation of the transactions specifically mentioned in the compliance reports. Related to this is the question of why the Chairman of the SNB's Governing Board has foreign currency holdings. For family reasons – my wife has dual Swiss and American citizenship – part of our assets are invested in US dollars. This is not short-term currency speculation, but rather a long-term distribution of our assets over a number of different currencies. This year was a special one for us, since we sold our holiday home in the Bernese Oberland. The sale resulted in an inflow of funds on 18 February 2011, of around CHF 3.3 million. As you can see from the PwC report published yesterday, on 10 March 2011 I invested part of the sale proceeds – namely CHF 1.1 million – in US dollars at an exchange rate of CHF 0.9375 to the dollar. On 6 October 2011, we then bought a holiday apartment in the canton of Graubünden. I covered part of the purchase price, i.e. CHF 475,000, through a sale of US dollars on 4 October at an exchange rate of CHF 0.9202. As you can see, purely in terms of the

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exchange rate, this was not a profit-making transaction. Instead, our aim was to maintain the distribution of our assets in roughly equal shares of Swiss francs and US dollars. There was an interval of six months between these two transactions, and they are fully in compliance with the regulations.

In April and May, and subsequently in October, we purchased euros for a total value of around CHF 114,000 to buy paintings and a boat; the regulations classify these transactions as the purchase of non-financial assets, and as such they are not subject to any restriction.

In the critical period prior to the decision to impose a minimum exchange rate against the euro, there were two foreign exchange transactions on 15 August 2011, in which around USD 504,477 was purchased, costing CHF 400,000 in total. The bank statements show two transactions at the same exchange rate (USD 484,477.24 against CHF 384,142, and USD 20,000 against CHF 15,858 – a total of CHF 400,000), because I opened a sub-account for our daughter; USD 20,000 was transferred to this account on my instructions. This corresponds to around one-third of the sub-account's value at that time. The large transaction was requested by my wife – who has always had power of attorney for my accounts – on 15 August 2011 at 1.20 pm, by means of an e-mail to our account manager at Bank Sarasin, and without my knowledge. As you can see from the PwC report, she wanted to raise the share of US dollars in our financial assets (liquid funds) to around 50%. The account manager confirmed the request at 3.10 pm on the same day, and sent me a copy. The next morning, I read the bank confirmations and at 7.36 am informed our account manager that, in future, he was not to carry out any foreign exchange transactions without first obtaining an instruction or confirmation from me. At the same time, I reported the transaction to the SNB's compliance officers. With hindsight, if I reproach myself for anything, it is that I allowed the transaction requested by my wife, who is not informed of monetary policy decisions, to stand rather than acting more decisively and ordering that all the foreign currency transactions of 15 August 2011 be reversed. As to the question of whether I obtained unfair pecuniary advantage, I already rectified this before Christmas by donating CHF 75,000 to Swiss Mountain Aid.

I am aware that the SNB's monetary policy and its efforts in the area of financial stability have given rise to intense discussion and controversy over the past few years. However, I regret that in certain quarters, where for many years Swiss banking secrecy has been vehemently defended, a serious breach of this very same secrecy should now be acceptable in the pursuit of political goals. This is damaging the interests of Switzerland.

I can appreciate that some of the individual transactions, and the way they are being discussed by the media and the general public, could lead to my integrity being called into question.

The most important lesson that I have drawn from these events is this: It is essential that the transparency of all aspects concerning financial transactions by members of the SNB Governing Board be further enhanced.

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For this reason, I, together with my colleagues on the Governing Board, will take steps to ensure that transparency over compliance with SNB regulations is guaranteed fully and at all times. I am thinking of measures such as the following:

- Members of the Governing Board should be required to submit all financial transactions exceeding CHF 20,000 to the external and internal auditors for a compliance check before such transactions are carried out.
- At the General Meeting of Shareholders, all such transactions should be published by the external auditors.
- The SNB's external auditors should have unrestricted access at all times to all account documentation of Governing Board members.

For a number of years now, the environment in which the SNB is operating has been extremely difficult and challenging. Our staff members, you can be sure, have been making an exceptional effort. It is a matter of utmost importance to me that our institution be able to devote all its attention to fulfilling its mandate. I hope that my statement today will help ensure that this is once again the case.